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Immediate Issues Concerning NSCID-3**Problem:****1. To determine:**

(a) Whether State or CIA should have responsibility for research in the field of international communism (the DCI having indicated to Mr. Armstrong that he wishes to reconsider this responsibility, which is at present with the State Department);

(b) Whether the Agency can immediately (and for at least the balance of the current fiscal year) provide funds to the Department of State for the expansion of NIS, other than production on international communism, as recommended by the Report (a letter making such request having been received from the State Department), and also for the expansion of research on international communism in the event it is decided to leave that responsibility with State;

(c) Whether as a matter of policy the CIA should now decide to discontinue at an appropriate time all reimbursement to the Department of State, which currently includes funds for NIS.

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Discussion:

2. The "Report of the Survey of USIA's Intelligence Needs and Assets" has been approved through an exchange of letters among the principal parties concerned and all IAC actions in regard thereto have been completed or will be shortly. The USIA has appointed a Director for a new intelligence unit, and its organization is proceeding rapidly. The Department of State has requested funds for the rest of fiscal year 1955 to implement the Report in regard to the State Department's responsibilities.

Research on International Communism

3. The DDI and the DDP have, through a memorandum to the Director of Central Intelligence, 17 May 1954 (Tab A),

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advised that in their opinion research on international communism should be expanded where responsibility for such research is now located, namely, the State Department, and that the Agency should assist in obtaining funds for such expansion. The Director has indicated that he believes this might be better undertaken by the Agency. In favor of the DDI/DDP view, concurred in by the SA/PC/DCI, it could be said that this subject matter is political and social intelligence. Furthermore, OIR/State probably has, to date, the largest and most complete collection (going back at least to 1946 or 1947) of the relevant documents on this subject. These arguments must be balanced against the facts that there is at present but one officer in OIR working on the subject full time, though necessarily all researchers deal more or less with this subject, and that the Department has not seen fit to apply its limited funds to such research in the face of repeated requests for such in the last two years by OCB and by CIA. Were the research on this subject to be located in the Agency, funds probably could be made available for the necessary personnel under normal budget practices; arrangements could probably be made to either duplicate or transfer files (if indeed they are as complete as alleged), and relating such research to the work of Staff C would be at least a simpler problem. It would appear that as between the two agencies the immediate need for research in this field has at least been more vocal in CIA than in State. Such research would, of course, be useful as well to USIA, OCB and other agencies. It should be noted that the activities of Ambassador Lodge at the UN and activities in Latin America, as well as other parts of the world, have created strong pressures for more extensive research in international communism on an urgent schedule.

Funds for Expanded NIS
Other than International Communism

4. The funds involved here would be about \$75,000 this year and about \$100,000 in addition thereafter. An immediate decision on this problem need not prejudice a more permanent arrangement later. A prompt expansion of NIS to meet the needs of information and paywar agencies is required, among other reasons, in order to prevent such research being undertaken by these agencies on their own. In the event that the Agency should later decide against reimbursement to the Department for NIS, it

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would appear that the Director would need to examine carefully with the Bureau and the State Department whether his responsibility for the NIS could be fulfilled by any Agency other than CIA, and, if not, arrange for the transfer of the responsibility, perhaps to the Agency.

The General Policy of Reimbursement to State

5. The reexamination of this question will certainly take time and even if decided today, could not have effect upon budgets until 1957. High level consideration of this question should be scheduled within the next four to eight weeks.

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